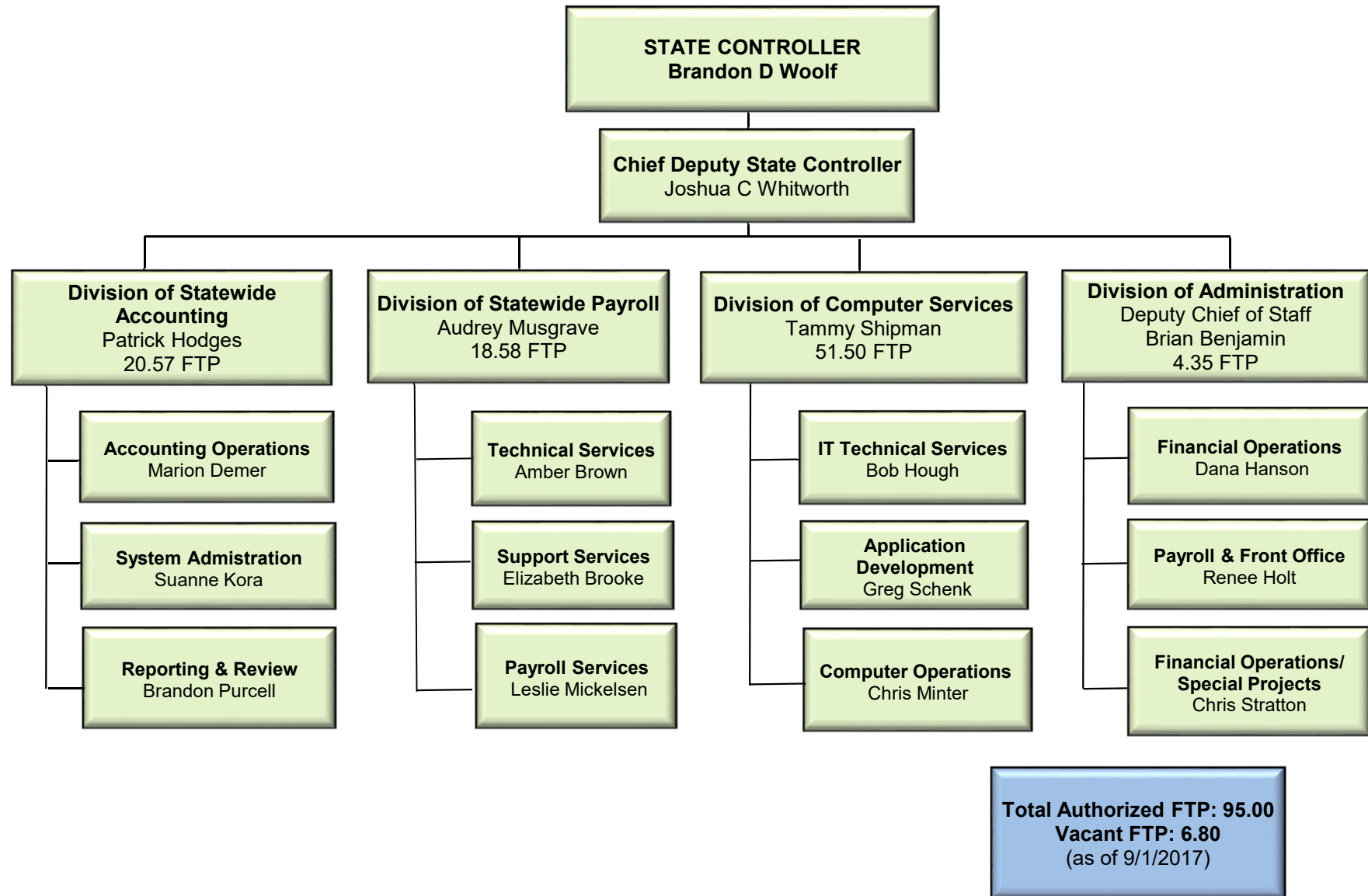


State Controller Organizational Chart

Analyst: Smith



State Controller

Analyst: Smith

FY 2017 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2017 Original Appropriation								
	0001-00	Gen	43.75	3,822,800	3,659,300	42,300	0	0	7,524,400
	0349-00	Ded	0.00	0	10,000	0	0	0	10,000
	0480-00	Ded	51.25	4,908,800	2,851,900	27,600	0	0	7,788,300
	Totals:		95.00	8,731,600	6,521,200	69,900	0	0	15,322,700
0.41	Prior Year Reappropriation								
	0001-00	Gen	0.00	0	29,800	0	0	0	29,800
	0480-00	Ded	0.00	522,100	1,613,500	63,200	0	0	2,198,800
	Totals:		0.00	522,100	1,643,300	63,200	0	0	2,228,600
1.00	FY 2017 Total Appropriation								
	0001-00	Gen	43.75	3,822,800	3,689,100	42,300	0	0	7,554,200
	0349-00	Ded	0.00	0	10,000	0	0	0	10,000
	0480-00	Ded	51.25	5,430,900	4,465,400	90,800	0	0	9,987,100
	Totals:		95.00	9,253,700	8,164,500	133,100	0	0	17,551,300
1.21	Net Object Transfer								
	0001-00	Gen	0.00	(193,700)	193,700	0	0	0	0
	0480-00	Ded	0.00	(266,000)	(212,300)	478,300	0	0	0
	Totals:		0.00	(459,700)	(18,600)	478,300	0	0	0
1.61	Reverted Appropriation								
	0001-00	Gen	0.00	0	(232,300)	(7,200)	0	0	(239,500)
	0349-00	Ded	0.00	0	(7,200)	0	0	0	(7,200)
	Totals:		0.00	0	(239,500)	(7,200)	0	0	(246,700)
1.71	Current Year Reappropriation								
	0480-00	Ded	0.00	(529,100)	(2,469,100)	(143,400)	0	0	(3,141,600)
	Totals:		0.00	(529,100)	(2,469,100)	(143,400)	0	0	(3,141,600)
2.00	FY 2017 Actual Expenditures								
	0001-00	Gen	43.75	3,629,100	3,650,500	35,100	0	0	7,314,700
	General			3,629,100	3,650,500	35,100	0	0	7,314,700
	0349-00	Ded	0.00	0	2,800	0	0	0	2,800
	Miscellaneous Revenue			0	2,800	0	0	0	2,800
	0480-00	Ded	51.25	4,635,800	1,784,000	425,700	0	0	6,845,500
	Data Processing Services			4,635,800	1,784,000	425,700	0	0	6,845,500
	Totals:		95.00	8,264,900	5,437,300	460,800	0	0	14,163,000

Difference: Actual Expenditures minus Total Appropriation

0001-00	Gen		(193,700)	(38,600)	(7,200)	0	0	(239,500)
	General		(5.1%)	(1.0%)	(17.0%)	N/A	N/A	(3.2%)
0349-00	Ded		0	(7,200)	0	0	0	(7,200)
	Miscellaneous Revenue		N/A	(72.0%)	N/A	N/A	N/A	(72.0%)
0480-00	Ded		(795,100)	(2,681,400)	334,900	0	0	(3,141,600)
	Data Processing Services		(14.6%)	(60.0%)	368.8%	N/A	N/A	(31.5%)
Difference From Total Approp			(988,800)	(2,727,200)	327,700	0	0	(3,388,300)
Percent Diff From Total Approp			(10.7%)	(33.4%)	246.2%	N/A	N/A	(19.3%)

FORM B12: ANALYSIS OF FUND BALANCESRequest for Fiscal Year : **2019**Agency/Department: **Office of the State Controller**Agency Number: **140**Original Request Date: **September 1, 2017**

or Revision Request Date: _____

Page ____ of ____

Sources and Uses:

Conference Registrations and Conference Costs

FUND NAME:	Miscellaneous Revenue Fund	FUND CODE:	0349	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
1. Beginning Free Fund Balance				3,534	4,515.57	1,265.45	1,578	1,328
2. Encumbrances as of July 1				0	0	0	0	0
2a. Reappropriation (Legislative Carryover)				0	0	0	0	0
3. Beginning Cash Balance				3,534	4,516	1,265	1,578	1,328
4. Revenues (from Form B-11)				4,062	2,899	3,103	3,750	3,750
5. Non-Revenue Receipts and Other Adjustments	Suspense, borrowing limit			0	0	0	0	
6. Statutory Transfers in:	Fund or Reference:			0	0	0	0	
7. Operating Transfers in:	Fund or Reference:			0	0	0	0	0
8. Total Available for Year				7,596	7,415	4,368	5,328	5,078
9. Statutory Transfers Out:	Fund or Reference:			0	0	0	0	0
10. Operating Transfers Out:	Fund or Reference:			0	0	0	0	0
11. Non-Expenditure Disbursements and Other Adjustments	Refunds, Clearing, P-card pymts			0	0	0	0	0
12. Cash Expenditures for Prior Year Encumbrances				0	0	0	0	0
13. Original Appropriation				40,000	40,000	10,000	10,000	10,000
14. Prior Year Reappropriations, Supplementals, Rescissions				0	0	0	0	0
15. Non-cogs, Receipts to Appropriation, etc				0	0	0	0	0
16. Reversions and Continuous Appropriations				(36,920)	(33,851)	(7,210)	(6,000)	(6,000)
17. Current Year Reappropriation				0	0	0	0	0
18. Reserve for Current Year Encumbrances				0	0	0	0	0
19. Current Year Cash Expenditures				3,080	6,149	2,790	4,000	4,000
19a. Budgetary Basis Expenditures (CY Cash Exp + CY Enc)				3,080	6,149	2,790	4,000	4,000
20. Ending Cash Balance				4,516	1,265	1,578	1,328	1,078
21. Prior Year Encumbrances as of June 30				0	0	0	0	0
22. Current Year Encumbrances as of June 30				0	0	0	0	0
22a. Current Year Reappropriation				0	0	0	0	0
23. Borrowing Limit				0	0	0	0	0
24. Ending Free Fund Balance				4,516	1,265	1,578	1,328	1,078
24a. Investments Direct by Agency (GL 1203)				0	0	0	0	0
24b. Ending Free Fund Balance Including Direct Investments				4,516	1,265	1,578	1,328	1,078
26. Outstanding Loans (if this fund is part of a loan program)								

*Note:

Shaded areas in matrix are calculated. Numbers are rounded to hundreds of dollars. Font set to fit to page.

FORM B12: ANALYSIS OF FUND BALANCESRequest for Fiscal Year : **2019**Agency/Department: **Office of the State Controller**Agency Number: **140**Original Request Date: **September 1, 2017**

or Revision Request Date: _____

Page ____ of ____

Sources and Uses:

Cash is received from the users of the resources of the Computer Service Center and expended for Personnel Costs, Operating Expenditures, and Capital Outlay purchases to operate the data center and provide many IT services to its customers.

FUND NAME:	Data Processing Services	FUND CODE:	0480	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
1. Beginning Free Fund Balance				3,122,040	3,991,599.00	792,814.00	(283,948)	(502,247)
2. Encumbrances as of July 1				0	0	0	0	0
2a. Reappropriation (Legislative Carryover)			n/a	NA	2,198,735	3,141,583	3,393,383	
3. Beginning Cash Balance				3,122,040	3,991,599	2,991,549	2,857,636	2,891,136
4. Revenues (from Form B-11)				8,103,431	7,253,857	6,715,232	7,569,300	7,700,000
5. Non-Revenue Receipts and Other Adjustments	Suspense, borrowing limit			296	69,311	(1,234)	15,000	15,000
6. Statutory Transfers in:	Fund or Reference:			0	0	0	0	0
7. Operating Transfers in:	Fund or Reference:			0	0	0	0	0
8. Total Available for Year				11,225,767	11,314,767	9,705,547	10,441,936	10,606,136
9. Statutory Transfers Out:	Fund or Reference:			0	0	0	0	0
10. Operating Transfers Out:	Fund or Reference:			0	0	0	0	0
11. Non-Expenditure Disbursements and Other Adjustments	Refunds, Clearing, P-card pymts			24	69,361	2,460	0	0
12. Cash Expenditures for Prior Year Encumbrances				0	0	0	0	0
13. Original Appropriation				7,358,200	7,464,500	7,788,300	7,802,600	7,802,600
14. Prior Year Reappropriations, Supplementals, Rescissions				2,864,036	2,988,092	2,198,735	3,141,583	3,393,383
15. Non-cogs, Receipts to Appropriation, etc				0	0	0	0	0
16. Reversions and Continuous Appropriations				0	0	0	0	0
17. Current Year Reappropriation				(2,988,092)	(2,198,735)	(3,141,583)	(3,393,383)	(3,491,983)
18. Reserve for Current Year Encumbrances				0	0	0	0	0
19. Current Year Cash Expenditures				7,234,144	8,253,857	6,845,451	7,550,800	7,704,000
19a. Budgetary Basis Expenditures (CY Cash Exp + CY Enc)				7,234,144	8,253,857	6,845,451	7,550,800	7,704,000
20. Ending Cash Balance				3,991,599	2,991,549	2,857,636	2,891,136	2,902,136
21. Prior Year Encumbrances as of June 30				0	0	0	0	0
22. Current Year Encumbrances as of June 30				0	0	0	0	0
22a. Current Year Reappropriation			NA	2,198,735	3,141,583	3,393,383	3,491,983	
23. Borrowing Limit				0	0	0	0	0
24. Ending Free Fund Balance				3,991,599	792,814	(283,948)	(502,247)	(589,847)
24a. Investments Direct by Agency (GL 1203)				0	0	0	0	0
24b. Ending Free Fund Balance Including Direct Investments				3,991,599	792,814	(283,948)	(502,247)	(589,847)
26. Outstanding Loans (if this fund is part of a loan program)								

***Note:**

Shaded areas in matrix are calculated. Numbers are rounded to hundreds of dollars. Font set to fit to page.

State Controller
FY 2018 JFAC Action

	FTP	Gen	Ded	Fed	Total
FY 2017 Original Appropriation	95.00	7,524,400	7,798,300	0	15,322,700
Reappropriation	0.00	29,800	2,198,800	0	2,228,600
FY 2017 Total Appropriation	95.00	7,554,200	9,997,100	0	17,551,300
FY 2017 Estimated Expenditures	95.00	7,554,200	9,997,100	0	17,551,300
Removal of Onetime Expenditures	0.00	(534,300)	(2,379,800)	0	(2,914,100)
Base Adjustments	0.00	0	0	0	0
FY 2018 Base	95.00	7,019,900	7,617,300	0	14,637,200
Benefit Costs	0.00	37,800	46,200	0	84,000
Replacement Items	0.00	30,000	27,600	0	57,600
Statewide Cost Allocation	0.00	(500)	(600)	0	(1,100)
Annualizations	0.00	1,000	0	0	1,000
Change in Employee Compensation	0.00	88,300	122,100	0	210,400
FY 2018 Program Maintenance	95.00	7,176,500	7,812,600	0	14,989,100
Line Items					
2. Cover Costs of Computer Service Cent	0.00	618,500	0	0	618,500
3. Office Security	0.00	45,000	0	0	45,000
4. System Modernization Analysis	0.00	390,000	0	0	390,000
5. Financial Reporting Software	0.00	35,000	0	0	35,000
Cybersecurity Insurance	0.00	81,000	0	0	81,000
Budget Law Exemptions	0.00	0	0	0	0
FY 2018 Total	95.00	8,346,000	7,812,600	0	16,158,600
Chg from FY 2017 Orig Approp.	0.00	821,600	14,300	0	835,900
% Chg from FY 2017 Orig Approp.	0.0%	10.9%	0.2%		5.5%

Budget Law Exemptions:

SECTION 4. DEDICATED FUND REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the State Controller any unexpended and unencumbered balances appropriated or reappropriated to the State Controller for the Computer Service Center Program for fiscal year 2017, to be used for nonrecurring expenditures in that program for the period July 1, 2017, through June 30, 2018.

State Controller

Analyst: Smith

Historical Summary

OPERATING BUDGET	FY 2017 Total App	FY 2017 Actual	FY 2018 Approp	FY 2019 Request	FY 2019 Gov Rec
BY PROGRAM					
Administration	670,200	647,100	772,100	730,200	733,500
Statewide Accounting	3,619,100	3,401,400	4,090,300	5,708,000	5,735,700
Statewide Payroll	3,274,900	3,269,000	3,493,600	4,462,200	4,485,800
Computer Center	9,987,100	6,845,500	7,802,600	7,774,000	7,856,500
Total:	17,551,300	14,163,000	16,158,600	18,674,400	18,811,500
BY FUND CATEGORY					
General	7,554,200	7,314,700	8,346,000	10,890,400	10,945,000
Dedicated	9,997,100	6,848,300	7,812,600	7,784,000	7,866,500
Total:	17,551,300	14,163,000	16,158,600	18,674,400	18,811,500
Percent Change:		(19.3%)	14.1%	15.6%	16.4%
BY OBJECT OF EXPENDITURE					
Personnel Costs	9,253,700	8,264,900	8,761,400	8,694,200	8,840,200
Operating Expenditures	8,164,500	5,437,300	7,302,400	9,911,000	9,911,000
Capital Outlay	133,100	460,800	94,800	69,200	60,300
Total:	17,551,300	14,163,000	16,158,600	18,674,400	18,811,500
Full-Time Positions (FTP)	95.00	95.00	95.00	95.00	95.00

Department Description

The State Controller is a part of the executive branch and is one of seven statewide elected officials in Idaho. The office is organized into four divisions: (1) Administration; (2) Statewide Accounting; (3) Statewide Payroll; and (4) the Computer Service Center. [Statutory Authority: Section 67-1001, Idaho Code]

The Division of Administration includes central support employees and administrative staff. It is also responsible for administering the state's Section 218 Agreement with the federal Social Security Administration pursuant to Section 59-1101A, Idaho Code.

The Division of Statewide Accounting is responsible for maintaining the state's accounting system, called STARS (Statewide Accounting and Reporting System), as well as preparing statewide and agency-specific financial reports. The Division of Statewide Payroll is responsible for paying and keeping personnel and payroll records for the state. It accomplishes this through the Employee Information System (EIS), which consists of three major components: 1) Position Control; 2) Personnel; and 3) Payroll. The division is also responsible for garnishment processing, tax reporting, interfacing with the Division of Accounting, and electronic fund transfers with major vendors associated with the payroll system. The Accounting and Payroll Divisions are funded by the General Fund with moneys recovered through the Statewide Cost Allocation Process.

The Computer Service Center maintains Idaho's largest state data center and provides technology services to the Accounting and Payroll Divisions, as well as many other state agencies such as the Department of Administration and the Department of Health and Welfare. The Computer Service Center bills the Controller's divisions internally and agency customers directly for IT services. [Statutory Authority: Section 67-1001, Idaho Code]

The Controller serves as secretary for the Board of Examiners, which consists of the Governor, Attorney General, and the Secretary of State, performing all administrative support for claims against the state. The claims are recorded by the Controller and audited by the Legislature. The board examines these audited claims, and performs other duties as prescribed by law. The Controller is also a member of the State Board of Land Commissioners, the Idaho Technology Authority (ITA), and the Deferred Compensation and College Savings Boards.

State Controller

Comparative Summary

Analyst: Smith

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2018 Original Appropriation	95.00	8,346,000	16,158,600	95.00	8,346,000	16,158,600
Reappropriation	0.00	0	3,141,600	0.00	0	3,141,600
FY 2018 Total Appropriation	95.00	8,346,000	19,300,200	95.00	8,346,000	19,300,200
Noncognizable Funds and Transfers	0.00	0	0	0.00	0	0
FY 2018 Estimated Expenditures	95.00	8,346,000	19,300,200	95.00	8,346,000	19,300,200
Removal of Onetime Expenditures	0.00	(465,000)	(3,634,200)	0.00	(465,000)	(3,634,200)
FY 2019 Base	95.00	7,881,000	15,666,000	95.00	7,881,000	15,666,000
Benefit Costs	0.00	(65,400)	(142,500)	0.00	(61,400)	(135,400)
Replacement Items	0.00	36,200	69,200	0.00	27,300	60,300
Statewide Cost Allocation	0.00	6,000	6,400	0.00	6,000	6,400
Annualizations	0.00	1,000	1,000	0.00	1,000	1,000
Change in Employee Compensation	0.00	31,600	74,300	0.00	91,100	213,200
FY 2019 Program Maintenance	95.00	7,890,400	15,674,400	95.00	7,945,000	15,811,500
1. Redistribute CSC Costs	0.00	3,000,000	3,000,000	0.00	3,000,000	3,000,000
2. Business Systems Modernization	0.00	102,000,000	102,000,000	0.00	0	0
Cash Transfer to New Fund	0.00	(102,000,000)	(102,000,000)	0.00	0	0
Budget Law Exemptions	0.00	0	0	0.00	0	0
FY 2019 Total	95.00	10,890,400	18,674,400	95.00	10,945,000	18,811,500
Change from Original Appropriation	0.00	2,544,400	2,515,800	0.00	2,599,000	2,652,900
% Change from Original Appropriation		30.5%	15.6%		31.1%	16.4%

State Controller

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2018 Original Appropriation	95.00	8,346,000	7,812,600	0	16,158,600

Reappropriation

Computer Center

The Computer Service Center was authorized to reappropriate or carryover its unencumbered and unspent dedicated fund appropriation balance from FY 2017 into FY 2018. Carryover required legislative approval and is removed as a onetime expenditure before calculating the FY 2019 Base.

Agency Request	0.00	0	3,141,600	0	3,141,600
Governor's Recommendation	0.00	0	3,141,600	0	3,141,600

FY 2018 Total Appropriation					
Agency Request	95.00	8,346,000	10,954,200	0	19,300,200
Governor's Recommendation	95.00	8,346,000	10,954,200	0	19,300,200

Noncognizable Funds and Transfers

The agency requests a transfer of 0.30 FTP to the General Fund in the Administration Division from the agency's three other divisions: 0.03 FTP from the General Fund in the Statewide Accounting Division, 0.12 FTP from the General Fund in the Statewide Payroll Division, and 0.15 FTP from the Data Processing Services Fund in the Computer Service Center. These transfers will adjust the FTP allocation across programs to more accurately reflect the staff resources needed in each division.

Agency Request	0.00	0	0	0	0
Recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0

FY 2018 Estimated Expenditures					
Agency Request	95.00	8,346,000	10,954,200	0	19,300,200
Governor's Recommendation	95.00	8,346,000	10,954,200	0	19,300,200

Removal of Onetime Expenditures

This decision unit removes amounts appropriated in FY 2018 for onetime replacement items (\$57,000), onetime portions of line items (\$240,000), and authorized carryover for the Computer Service Center (\$3,141,600) from FY 2017 to FY 2018.

Agency Request	0.00	(465,000)	(3,169,200)	0	(3,634,200)
Governor's Recommendation	0.00	(465,000)	(3,169,200)	0	(3,634,200)

FY 2019 Base					
Agency Request	95.00	7,881,000	7,785,000	0	15,666,000
Governor's Recommendation	95.00	7,881,000	7,785,000	0	15,666,000

Benefit Costs

Employer-paid benefit changes include a 14.6% reduction (or \$1,910 per eligible FTP) for health insurance, bringing the total appropriation to \$11,190 per FTP. Also included are a 6.8% increase for life insurance, a 5.5% increase for PERSI contributions, and adjustments to workers' compensation that vary by agency.

Agency Request	0.00	(65,400)	(77,100)	0	(142,500)
----------------	------	----------	----------	---	-----------

The Governor recommends \$11,650 per eligible FTP for health insurance, which is a decrease of \$1,450, or 11%, from the previous year; a two-month employer and employee premium holiday; and a transfer of \$13.1 million from health insurance reserves to the General Fund. This recommendation also reflects the PERSI Board's decision to not increase the employer contribution for FY 2019.

Governor's Recommendation	0.00	(61,400)	(74,000)	0	(135,400)
---------------------------	------	----------	----------	---	-----------

State Controller

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
-------------------------	-----	---------	-----------	---------	-------

Replacement Items

The agency requests the following replacement items from the General Fund for each of its divisions in accordance with a three year repair and maintenance schedule for its computer equipment. Administration: five laptop computers (\$8,900), one desktop computer (\$1,400), and four monitors (\$1,000) for a total of \$11,300. Statewide Accounting: two laptops (\$3,500), two desktops (\$2,800), and five monitors (\$1,300) for a total of \$7,600. Statewide Payroll: five laptops (\$8,900), five desktops (\$7,100), and five monitors (\$1,300) for a total of \$17,300.

Additionally, the agency requests the following replacement items from the Data Processing Services Fund for the Computer Service Center: 14 laptop computers (\$24,800), four desktops (\$5,700), and ten computer monitors (\$2,500) for a total of \$33,000.

Agency Request	0.00	36,200	33,000	0	69,200
----------------	------	--------	--------	---	--------

The Governor does not recommend the replacement of three laptops, two desktops, and three monitors, for a total cost of \$8,900.

Governor's Recommendation	0.00	27,300	33,000	0	60,300
---------------------------	------	--------	--------	---	--------

Statewide Cost Allocation

This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Risk management costs will increase by \$4,600, State Controller fees will increase by \$1,900, and State Treasurer fees will decrease by \$100, for a net increase of \$6,400.

Agency Request	0.00	6,000	400	0	6,400
----------------	------	-------	-----	---	-------

Governor's Recommendation	0.00	6,000	400	0	6,400
---------------------------	------	-------	-----	---	-------

Annualizations

Funding is requested for the constitutional officers' pay increase authorized by the 2014 Legislature in Session Laws, Chapter 356. The State Controller's pay increased on January 1, 2018 by 1.5%, from \$105,771 to \$107,357 annually, and this adjustment funds the increase from July 1, 2018 through December 31, 2018.

Agency Request	0.00	1,000	0	0	1,000
----------------	------	-------	---	---	-------

Governor's Recommendation	0.00	1,000	0	0	1,000
---------------------------	------	-------	---	---	-------

Change in Employee Compensation

For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.

Agency Request	0.00	31,600	42,700	0	74,300
----------------	------	--------	--------	---	--------

The Governor recommends a 3% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.

Governor's Recommendation	0.00	91,100	122,100	0	213,200
---------------------------	------	--------	---------	---	---------

FY 2019 Program Maintenance

Agency Request	95.00	7,890,400	7,784,000	0	15,674,400
----------------	-------	-----------	-----------	---	------------

Governor's Recommendation	95.00	7,945,000	7,866,500	0	15,811,500
---------------------------	-------	-----------	-----------	---	------------

State Controller

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
1. Redistribute CSC Costs					Statewide Accounting, Statewide Payroll

The agency is requesting \$3,000,000 in ongoing operating expenditures from the General Fund (\$1,830,000 for the Statewide Accounting Division and \$1,170,000 for the Statewide Payroll Division) to supplement the costs of operating the Computer Service Center (CSC) due to the loss of fee revenue from the Department of Health and Welfare (DHW), which will no longer use the CSC for its non-fiscal systems as of FY 2019.

As a dedicated fund division, the CSC is a cost center that derives operating cash from fees paid by its customers. Federal cost allocation guidelines require that billing rates generate revenue sufficient to cover the costs of providing technology services. With fewer customers utilizing the CSC, the rates increase for the remaining users. The Statewide Accounting Division and the Statewide Payroll Division are customers of the CSC, and therefore request an increased appropriation to cover their increased usage fees.

In FY 2015, the State Controller's Office (SCO) began planning for the departure of three of its largest CSC customers from the State Controller's consolidated computing environment: Idaho Transportation Department (ITD), the Department of Labor (DOL), and DHW. The agencies' decisions to remove non-financial business applications from the shared environment, specifically the shared mainframe computing equipment, were made to meet their own requirements. Due to the changing customer base, the SCO requested \$3,500,000 in its FY 2016 budget to cover the redistributed costs of operating the CSC for its accounting and payroll services for the state.

During the 2016 legislative session, DHW in consultation with the SCO agreed to postpone moving its non-fiscal systems away from the CSC. This postponement, coupled with the delayed movement by ITD and DOL, provided greater stability in SCO's customer base and helped mitigate the need for an increase. The State Controller subsequently rescinded the \$3,500,000 request, with the knowledge that the customer base would still be changing over the course of the next few years.

By FY 2018, ITD and DOL completed their departure from the shared mainframe computing environment. With this departure, an analysis and review of CSC's expenses and revenues indicated that the division's fee-for-service cost model rates required an increase for FY 2018. The Controller was appropriated \$618,500 from the General Fund to cover the redistributed costs to operate the CSC.

Currently, DHW plans to re-platform its non-fiscal systems off the shared SCO environments by the end of June 2018. This decision by DHW will further reduce the customer base paying for the CSC shared environments and services. While the dedicated expenses to operate the CSC remain relatively unchanged, the change in the CSC customer base will result in a redistribution of the costs to operate the computing environments and provide appropriate services among the remaining customers.

If approved, this increase to the SCO's FY 2020 Base is expected to cover the costs of operating the CSC for the next few years. The next potential increase should not occur until the state's new financial system is operational, at which time the Statewide Payroll Division will be the last remaining large customer on the mainframe until the implementation of the new system is completed.

Agency Request	0.00	3,000,000	0	0	3,000,000
Governor's Recommendation	0.00	3,000,000	0	0	3,000,000

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
2. Business Systems Modernization					Administration

The State Controller's Office (SCO) requests \$102,000,000 in onetime operating expenditures from the General Fund to modernize and consolidate five of the state's core business systems (financial, payroll, budget, human capital management, and procurement) by implementing a statewide Enterprise Resource Planning (ERP) system over an estimated five-year period.

The SCO is constitutionally tasked with maintaining the state's payroll and accounting systems. The current payroll and accounting systems were implemented in 1987 and 1988, respectively. Over the last 30 years, SCO has maintained this technology and added the necessary programming adaptations to continue its usefulness. However, the mainframe technology and programming code behind these legacy systems have reached the end of their ability to adequately sustain operation into the future, as subject matter experts retire and vendor support for existing systems becomes increasingly unavailable. According to the SCO's studies and findings to date, colleges and universities no longer teach the programming languages used for these legacy systems, potential contractor personnel capable of supporting the technology are moving closer to retirement age, and vendors of critical software utilized to provide the state's accounting and payroll functionality in these legacy systems have begun eliminating support. These factors lead to security risks and increased probability of system failures.

The SCO has been appropriated funds in prior years to study the replacement of the current systems. In FY 2015, the Controller's Office received \$250,000 from the General Fund for a Fiscal and Accounting Systems Replacement Study. Of that amount, \$105,100 was spent and \$144,900 was reverted because the Department of Health and Welfare contributed funding to participate in the study as well. The study was conducted by an independent consultant to determine the statewide and agency-specific capabilities needed in a new potential business system. In FY 2017, \$350,000 was appropriated from the General Fund for a System Modernization RFI which solicited presentations from potential software vendors and implementers. In FY 2018, \$390,000 was appropriated from the General Fund for a System Modernization Analysis with which more detailed information gathering is currently being conducted with all state agencies in preparation for a request for proposals (RFP) for a new system.

According to the SCO, three of the main benefits of a system modernization would be to consolidate duplicate systems, improve transparency of financial data and transactions, and improve functionality to meet agency needs. The statewide study findings show that the modernization effort could eliminate 80 or more individual agency-specific financial, human capital management, payroll, procurement, and budgeting systems if a consolidated business infrastructure can be configured to meet the necessary requirements. Consolidation of non-programmatic software systems would provide greater efficiency in the operations of agencies and limit the costs associated with maintaining multiple systems. According to the 2015 Systems Modernization Study commissioned by the SCO, consolidation efforts are estimated to potentially save the state at least \$92 million by eliminating existing system costs, plus \$9.8 million in duplicative upgrade costs over ten years. Furthermore, employee process improvement savings at agencies are estimated to save \$95 million over ten years. Additionally, consolidating the various financial systems in the state into a modern ERP will increase transparency and access to statewide agency-specific data. New ERP systems offer one platform that all agencies will enter data directly into rather than interfacing individual systems in which detailed transactions often get rolled up into a single transaction.

The proposed timeline for the project would be as follows: In FY 2019, an RFP would be issued and software vendors and implementers would be selected. In FY 2020 and 2021, the first three of five modules would be implemented: financial, budget, and procurement. In FY 2022 and 2023, the two final modules, human resources and payroll, would be implemented. The RFP process in year one is estimated to cost \$1.1 million, while the subsequent four years of software implementation are estimated to cost approximately \$25 million each.

Therefore, the SCO requests that consistent and secure funds over the next five years be appropriated and transferred from the General Fund to a newly created dedicated fund (Business Information Infrastructure Fund) to modernize the state's legacy systems. The SCO also requests continuous appropriation of the funds to provide the needed flexibility as the initiative begins. The dedicated fund and continuous appropriation authority are requested solely for the duration of the project implementation period and will sunset at the end of the initiative, reverting any unspent moneys to the General Fund.

State Controller

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Agency Request	0.00	102,000,000	0	0	102,000,000
<i>The Governor supports legislation redirecting the state's indirect cost recovery funds into a new Business Information Infrastructure Fund at the State Controller's Office to fund the replacement of its core business information systems. This will provide the necessary \$102,000,000 over a five-year period.</i>					
Governor's Recommendation	0.00	0	0	0	0

Cash Transfer to New Fund

Administration

The State Controller's Office is requesting that a new Business Information Infrastructure Fund be established for the purpose of funding the business systems modernization initiative. This request includes transferring the requested \$102,000,000, if appropriated from the General Fund for this project, into a newly created dedicated fund with continuous appropriation. The dedicated fund and continuous appropriation authority are requested solely for the duration of the project implementation period and will sunset at the end of the initiative, reverting any unspent monies to the General Fund. This decision unit is a revenue adjustment to transfer funds from the General Fund into the newly created dedicated fund.

Note: If the proposed dedicated fund is created, and it is the will of the Legislature, the transfer into this fund could be made at budget setting or as a trailer appropriation.

Agency Request	0.00	(102,000,000)	0	0	(102,000,000)
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

Budget Law Exemptions

Computer Center

CARRYOVER: The agency requests authority to carryover its unencumbered and unspent appropriation balances for the Data Processing Services Fund, the dedicated fund for the Computer Service Center (CSC), from FY 2018 into FY 2019. Carryover requires legislative approval. The CSC works with the Divisions of Statewide Accounting and Payroll and other state agencies to maintain and enhance Idaho's financial and payroll systems and processes. The CSC also provides data processing systems and a shared data center environment and offers equipment consolidation, disaster recovery, and other IT services for agencies that choose to utilize its services. The CSC requests the continuance of carryover authority in FY 2019 to help meet variable and changing needs of its customers and to maintain flexibility to negotiate better pricing and contract terms with vendors for substantial technology purchases the center makes on behalf of state agencies by capitalizing on opportunities that arise at cycles favorable to the state.

Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

FY 2019 Total

Agency Request	95.00	10,890,400	7,784,000	0	18,674,400
Governor's Recommendation	95.00	10,945,000	7,866,500	0	18,811,500

Agency Request					
Change from Original App	0.00	2,544,400	(28,600)	0	2,515,800
% Change from Original App	0.0%	30.5%	(0.4%)		15.6%
<i>Governor's Recommendation</i>					
Change from Original App	0.00	2,599,000	53,900	0	2,652,900
% Change from Original App	0.0%	31.1%	0.7%		16.4%

State Controller, FY 2019 Replacement Items

	Avg Cost per Unit	Quantity in Stock	Quantity Requested	Total Request	Governor's Recommendation Quantity	Governor's Recommendation Total
Flat Screen Monitors	\$253	154	24	\$6,100	21	\$5,300
Administration	\$253	22	4	\$1,000	3	\$800
Accounting	\$253	43	5	\$1,300	4	\$1,000
Payroll	\$253	35	5	\$1,300	4	\$1,000
Computer Service Center	\$253	54	10	\$2,500	10	\$2,500
Laptop Computers	\$1,772	65	26	\$46,100	23	\$40,800
Administration	\$1,772	10	5	\$8,900	4	\$7,100
Accounting	\$1,772	11	2	\$3,500	1	\$1,800
Payroll	\$1,772	6	5	\$8,900	4	\$7,100
Computer Service Center	\$1,772	38	14	\$24,800	14	\$24,800
Personal Desktop Computers	\$1,418	27	12	\$17,000	10	\$14,200
Administration	\$1,418	2	1	\$1,400	1	\$1,400
Accounting	\$1,418	9	2	\$2,800	1	\$1,400
Payroll	\$1,418	12	5	\$7,100	4	\$5,700
Computer Service Center	\$1,418	4	4	\$5,700	4	\$5,700
Grand Total		246	62	\$69,200	54	\$60,300

Request by Fund	Agency Request	Governor's Recommendation
General Fund	\$36,200	\$27,300
Data Processing Services Fund	\$33,000	\$33,000
TOTAL	\$69,200	\$60,300